

701—34.16(423) Rebates. Manufacturer's rebates can be used to reduce the taxable purchase price of a vehicle.

34.16(1) To qualify as a manufacturer's rebate for the reduction in the taxable price, all of the following elements must be present:

a. A rebate must be a return to the purchaser of an amount that the purchaser would otherwise have paid;

b. The rebate must be in the form of cash;

c. The rebate must be offered by a manufacturer which is any person or entity that fabricates, assembles, or combines materials and parts to create a vehicle subject to registration in Iowa;

d. The rebate must be given as part of a transaction between the manufacturer and the purchaser and must meet both of the following:

(1) The rebate must originate from an entity acting in the capacity of a manufacturer of such vehicles when the rebate is offered. The rebate cannot be offered by a vehicle manufacturer engaging in other activities, such as a manufacturer acting in the capacity of a credit card issuer or a financing program;

(2) The purchaser must be in the process of purchasing the vehicle at the time the rebate is given. The rebate cannot be given to a customer in a situation similar to the credit card rebate program, in which the customer earns the right to the rebate over a period of time. Purchase of the vehicle must occur simultaneously with the receipt of the rebate, and the rebate cannot be allowed unless the customer purchases the vehicle; and

e. The rebate must be applied to the base purchase price of the vehicle.

34.16(2) Reserved.

This rule is intended to implement Iowa Code section 423.1(8).